

FISCAL UPDATE

April 12, 2007

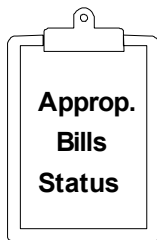
Legislative Services Agency

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STATUS OF APPROPRIATIONS BILLS

As of April 5, 2007



Appropriations Subcommittee Bills				
Appropriations Subcommittee		LSB/ File #		Status
Administration and Regulation Appropriations Bill		HF 874		Passed House on March 28.
Agriculture and Natural Resources Appropriations Bill		SF 551		Passed Senate Appropriations Committee on March 13.
Economic Development Appropriations Bill		SF 562		Passed Senate Appropriations on April 5.
Education Appropriations Bill		SSB 1332		Passed Joint Subcommittee on March 7.
Health and Human Services Appropriations Bill		LSB 1130JA		Passed Joint Subcommittee on March 29.
Judicial Branch Appropriations Bill		SF 563		Passed Senate on March 26.
Justice System Appropriations Bill		SSB 1338		Passed Senate Appropriations on March 28.
Transportation Appropriations Bill		HF 752		Passed House on March 20.
Other Appropriations Bills				
Allowable Growth Rate Act		SF 109		Signed by Governor on February 22.
Advanced Placement Examination Fee Bill		HF 47		Passed House Education Committee on March 7.
Comprehensive and Affordable Health Care Bill		SF 573		Passed Senate on April 3.
Disaster Aid Grant Fund Bill		HF 357		Passed House Appropriations Committee on April 4.
Energy Utility Assessment and Resolution Program Bill		HF 347		Passed House Commerce Committee on February 8.
Federal Block Grant Bill		HF 787		Passed Senate Appropriations Committee on April 3.
Greenhouse Gas Emissions Bill		SF 574		Passed Senate on April 3.
George Washington Carver Endowed Chair Bill		HF 518		Passed House Appropriations Committee on March 27.
School District Reorganization and Sharing Incentives Bill		HF 534		Passed House Appropriations Committee on March 28.
School District Reorganization and Sharing Incentives Bill		SF 447		Passed Senate on March 26.
Sensitivity Training Bill		HF 876		Passed House Appropriations Committee on March 20.
Statewide Preschool Program for Four-Year-Olds Bill		HF 877		Passed House Education Committee on February 22.
Statewide Preschool Program for Four-Year-Olds Bill		SF 350		Passed House on March 28.

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Other Appropriations Bills (Cont.)		
Student Achievement and Teacher Quality Bill	SF 277	Passed House Appropriations Committee on April 2.
FY 2007 Supplemental Appropriations Bill	SF 403	Final Action on April 2.
Supplemental Appropriations for Veterans Programs Act	SF 95	Signed by Governor on February 14.
Targeted Small Business Task Force Recommendations Bill	HF 361	Passed House Appropriations Committee on March 28.
Vietnam Veterans Bonus Bill	SF 578	Passed Senate Appropriations Committee on April 4.
Waste Tire Management Fund Bill	HF 511	Passed House Environmental Protection Committee on February 23.

SENATE PASSES ECONOMIC DEVELOPMENT APPROPRIATIONS BILL – SF 562

Appropriations Bill

The Senate passed SF 562 (FY 2008 Economic Development Appropriations Bill) on April 5. The Bill appropriates a total of \$40.1 million from the General Fund and 499.9 FTE positions to the Department of Cultural Affairs, Department of Economic Development, Iowa Finance Authority, Board of Regents economic development programs, Iowa Workforce Development, and the Public Employment Relations Board (PERB). This is an increase of \$3.2 million and 15.2 FTE positions compared to estimated FY 2007. The Bill also increases support from Other Funds by \$1.5 million compared to estimated FY 2007.

Cultural Affairs



The Bill appropriates \$6.4 million and 83.8 FTE positions, a decrease of \$4,000 and an increase of 1.6 FTE positions. Changes include:

- An increase of \$100,000 and 1.0 FTE position for administration of Chapter 4047A, Code of Iowa, Property Rehabilitation Tax Credit Act.
- An increase of 0.6 FTE position due to the anticipated increase in the naming of additional Great Places.
- A new appropriation of \$186,000 for rent of the new Records Center.
- A decrease of \$340,000 for one-time FY 2007 appropriations.

Economic Development

The Bill appropriates \$15.6 million and 153.3 FTE positions, an increase of \$1.0 million and 18.1 FTE positions. The significant change includes:

- An increase of 500,000 for the Main Street Program.
- An increase of \$250,000 for tourism operations.
- An increase of \$350,000 for the World Food Prize.

IFA

The Bill appropriates \$200,000 to the Iowa Finance Authority (IFA), which maintains the current level of support.

Regents Programs

The Bill appropriates \$3.6 million and 67.4 FTE positions for economic development programs at Iowa State University (ISU), the University of Iowa

(SUI), and the University of Northern Iowa (UNI), an increase of \$550,000 and 2.1 FTE positions. The change includes:

- An increase of \$250,000 and 0.1 FTE position for ISU to support the Small Business Development Centers.
- An increase of \$300,000 and 2.0 FTE positions for UNI to support the myentrenet Internet application.

Workforce Development



The Bill appropriates \$13.0 million and 182.5 FTE positions, an increase of \$1.5 million and a decrease of 7.6 FTE positions. The significant changes include:

- An increase of \$528,000 and 7.0 FTE positions for health and safety programs by adding additional Occupational Safety and Health Administration (OSHA) inspectors.
- An increase of \$1.0 million for additional support for Field Office operations.

The Bill appropriates \$5.8 million from the Unemployment Compensation Reserve Fund interest to the IWD for deposit into the Field Office Operating Fund for operation of the Field Offices. This is an increase of \$1.8 million compared to estimated FY 2007.

PERB

The Bill appropriates \$1.2 million and 11.0 FTE positions, an increase of \$97,000 and 1.0 FTE position for the addition of an Administrative Law Judge.

Amendment



The Senate made the following significant changes that are reflected in the information above:

- Increases the General Fund appropriation to the Department of Cultural Affairs, Historical Division, by \$100,000, for the following:
 - \$50,000 for administration of Chapter 4047A, Code of Iowa, Property Rehabilitation Tax Credit Act.
 - \$50,000 for activities related to the sesquicentennial anniversary of the civil war.
- Increases the General Fund appropriation to the Department of Economic Development, Business Development Division, by \$25,000 for a micro-enterprise study.
- Decreases the General Fund appropriation increase for the World Food Prize by \$100,000 for a total increase of \$250,000.
- Decreases the General Fund appropriation to the Department of Workforce Development for the Field Office Operating Fund by \$25,000 and increases the Unemployment Compensation Reserve Fund interest appropriation by \$100,000 for the Field Office Operating Fund.

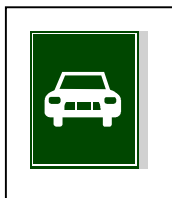
More Information

The NOBA (Notes on Bills and Amendments) for SF 562 is available on the Legislative Services Agency (LSA) web site at:
<http://www3.legis.state.ia.us/noba/>.

STAFF CONTACT: Ron Robinson (Ext. 16256)

GOVERNOR SIGNS VEHICLE TITLE LOANS ACT – HF 5

Vehicle Title Loans

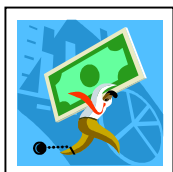


The Governor signed HF 5 (Vehicle Title Loans, Maximum Finance Charge Act) on March 27. The Act limits the finance charge to no more than 21.0% to 36.0% per year (depending on the type of loan) on the unpaid balance of a loan that is secured by a certificate of title to a motor vehicle. The 36.0% finance charge is authorized for loans issued under Chapters 536 and 536A, Code of Iowa. Attempts to avoid application of the maximum finance charge are considered consumer fraud. Under current practice, car title loan companies may charge up to 264.0% interest on an annual percentage rate basis.

Background

The Division of Banking funds its appropriation through licensing fees, examination fees, and assessments to State-chartered banks. Licensing fees are set by statute and, in a few cases, administrative rule. Exam fees are determined annually by the Superintendent to cover the cost of the exam plus the administrative costs associated with the regulation of licensed entities. State-chartered banks pay fees assessed quarterly to cover the remaining costs of the Division. The current licensing fee is \$250 each. There are currently 25 licensed locations. Annual licensing fees under current law are estimated to be less than \$7,500 annually.

Liens



A \$10 fee for the title lien is imposed under current law to offset administrative costs. Sixty percent of the fee receipts are deposited with the county where the vehicle is registered and 40.0% of the fee receipts are deposited into the Road Use Tax Fund. There were 639,165 title liens filed with the Department of Transportation (DOT) in FY 2006. Car title loan liens are a subset of the total number of liens filed. There were 40,000 car title loan customers over the last 30 months.

Fiscal Impact

Car title loan liens generate approximately \$160,000 annually. Of this amount, \$96,000 is deposited with county treasurers and \$64,000 is deposited into the Road Use Tax Fund. Any reduction in car title loan lien fees will reduce receipts to the counties and the Road Use Tax Fund; however, this potential reduction will also reduce workload associated with processing car title loan liens. There is no significant fiscal impact on the Criminal Justice System or the Division of Banking.

More Information

The Fiscal Note for HF 5 is available on the LSA web site at:
<http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

GOVERNOR SIGNS CRIME VICTIM ASSISTANCE ACT – SF 70

Victim Compensation



The Governor signed SF 70 (Crime Victim Assistance Act) on March 28. The Act relates to eligibility for benefits and expenditures from the Crime Victim Compensation Fund. The Act permits the Office of the Attorney General to maintain the Iowa Victim Information and Notification Everyday (IowaVINE) System. The Act increases the payment limits for medical care, counseling services, bedding and clothing held as evidence, loss of support for dependents of a murder victim or a victim disabled from work over 60 days, and clarifies the lost wages benefit is \$1,000 per parent or caretaker rather than \$1,000 per case.

The Act also creates new benefits, including dependent care expenses incurred by the victim while attending criminal justice proceedings or medical or counseling services; replacement of locks, windows, and other security items; and transportation costs to medical, funeral, counseling, and criminal justice proceedings. The Act allows compensation to be paid to victims of reckless boating, hit-and-run boating, and boating under the influence of drugs.

Tax Exemption

The Act exempts victim compensation awards, victim restitution payments, and damages from civil actions from State individual income tax. It is likely the provision will not reduce State tax revenue. Most of the covered payments are already exempt from State and federal income taxes.

Fiscal Impact

The estimated fiscal impact is an increase in expenditures of \$1.4 million from the Crime Victim Compensation Fund. The expansion of benefits will not exceed the capacity of the Fund. The expenditures will reduce the year-end Fund balance. Any federal reimbursement for direct payment to victims will be received in the next fiscal year.

Additional Information

The Fiscal Note for SF 70 is available on the LSA web site at:
<http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Beth Lenstra (Ext. 16301)

HOUSE APPROPRIATIONS COMMITTEE PASSES DISASTER AID GRANT FUND – HF 357

Disaster Grant Aid Fund



The House Appropriations Committee passed HF 357 (Disaster Grant Aid Fund Bill) on April 4. The Bill provides for the following:

- Creates a Disaster Aid Individual Assistance Grant Fund for use by the Executive Council.
- Permits the Executive Council to use grant funds to reimburse the Department of Human Services (DHS) for actual expenses in administering grants.
- Limits funding for grants to \$1.0 million per fiscal year, following the Governor's disaster proclamation.
- The Program is administered by the DHS.
- Grants are limited to 25.0% of 130.0% of the federal poverty level, or \$3,110, and may only be used for the replacement of personal property, home repair, food assistance, and temporary housing assistance.
- Requires grant applicants to sign an affidavit committing to refund any part of the grant that is duplicated by other assistance as listed in the Bill.
- Requires the DHS to adopt administrative rules by January 1, 2008.

Fiscal Impact

The DHS estimates three events per year at a total cost of \$618,000, or \$206,000 per event.

More Information

The NOBA (Notes on Bills and Amendments) for HF 357 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

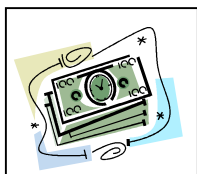
**SENATE APPROPRIATIONS COMMITTEE PASSES
VIETNAM VETERANS BONUS BILL – SF 578**

Vietnam Veteran Bonus



The Senate Appropriations Committee passed SF 578 (Vietnam Veterans Bonus Bill) on April 4. The Bill provides for the following:

- Creates a Vietnam Veterans Bonus Fund.
- Appropriates \$500,000 from the General Fund for FY 2008 and permits the carryforward of remaining funds into FY 2009.
- Requires the Commission of Veterans Affairs and the Department of Veterans Affairs to administer the Program.
- Eligibility for the Bonus of up to \$500 per veteran includes:
 - A person served on active duty in the Vietnam service area for at least 120 days between July 1, 1973, and May 31, 1975.
 - Iowa residency for six months prior to active duty.
 - Did not receive a similar bonus from another state.
- Eligibility for the Vietnam Veteran Bonus of up to \$300 per veteran includes:
 - A person served on active duty for at least 120 days between July 1, 1973, and May 31, 1975, but did not in the Vietnam service area.
 - Iowa residency for six months prior to active duty.
 - Did not receive a similar bonus from another state.
- Permits one survivor of each eligible veteran who is deceased to receive the \$300 or \$500 bonus.
- Exempts the payment from various taxes.
- Provides a penalty of a serious misdemeanor for a false application.



More Information

The NOBA (Notes on Bills and Amendments) for SF 578 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

STAFF CONTACTS: Jennifer Acton (Ext. 17846) Sue Lerdal (Ext. 17794)

**SENATE APPROPRIATIONS COMMITTEE PASSES FEDERAL
BLOCK GRANT APPROPRIATIONS BILL – HF 787**

Block Grant Bill

The Senate Appropriations Committee passed HF 787 (FFY 2008 Federal Block Grant Bill) on April 3. The Bill authorizes the receipt and expenditure of federal funds totaling \$4.4 billion for FFY 2008, a decrease of \$23.8 million compared to FFY 2007.

More Information

The NOBA (Notes on Bills and Amendments) for HF 787 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba>.

STAFF CONTACT: Sue Lerdal (Ext. 17794) Lisa Burk (Ext. 17942)

HOUSE PASSES FIRE-SAFE CIGARETTES BILL – HF 718**Fire Safe Cigarettes**

The House passed HF 718 (Fire-Safe Cigarettes Bill) on April 2. The Bill prohibits cigarettes from being sold or offered in Iowa unless they have been tested for fire safety standards, have met the performance standard, have a written certification filed by the manufacturer, and have been marked as specified in the Bill beginning January 1, 2009.

The Bill creates a Cigarette Fire Safety Standard Fund for monies recovered through civil penalties and the collection of certification fees subject to appropriation to the Department of Public Safety (DPS). The DPS is in charge of administering the Fire-Safe Cigarette Program. The Department of Revenue inspects the wholesalers and retailers and notifies the DPS if there are any violations. The DPS and the Attorney General will enforce the provisions of the Bill. The Bill allows either the DPS or the Attorney General to file an action in District Court to recover any costs or damages suffered by the State, including enforcement costs and attorney fees.

Other States

Currently, New York, California, Illinois, Vermont, New Hampshire, and Massachusetts have fire-safe cigarette laws. Nineteen states have filed legislation this term, including Alabama, Alaska, Arizona, Connecticut, Florida, Hawaii, Iowa, Kentucky, Maine, Maryland, Montana, Nebraska, New Jersey, Oregon, Rhode Island, Texas, Utah, Washington, and Wisconsin.

Fiscal Impact

The Fire Marshal's Office will need 1.0 FTE position for a Special Agent at a cost of approximately \$89,000 in FY 2008 and \$62,000 in FY 2009 to coordinate the Program and perform spot checks for compliance. The position could work in conjunction with the Department of Revenue through a 28E agreement. The Cigarette Fire Safety Standard Fund will receive a one-time receipt of approximately \$115,000 to be used for the fire safety and prevention programs. The on-going revenue deposited into the Fund through civil penalties cannot be determined, but is expected to be minimal.

More Information

The Fiscal Note for HF 718 is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

FINAL ACTION ON FY 2007 SUPPLEMENTAL APPROPRIATIONS BILL – SF 403**Supplemental Bill**

The General Assembly passed SF 403 (FY 2007 Supplemental Appropriations Bill) on April 2. The Bill appropriates \$13.5 million from the General Fund and \$17.4 million from Other Funds.

Administrative Services

The Bill appropriates \$1.0 million to the Department of Administrative Services for utility costs.

Iowa Public Television

The Bill appropriates \$1.0 million for a mobile television and production unit and digital equipment for the Iowa Public Television.

Human Services

The Bill appropriates \$10.0 million from the IowaCare Account for reimbursement to the University of Iowa Hospitals and Clinics.

Corrections



The Bill appropriates \$5.3 million to the Department of Corrections as follows:

- \$1.2 million for food, fuel, and pharmacy cost increases.
- \$3.4 million to open the 178-bed Special Needs Unit.
- \$600,000 to fund salaries and reimburse the counties for holding alleged violators.

Public Safety

The Bill appropriates \$1.0 million to the Department of Public Safety. Significant funding includes:

- \$467,000 for gaming enforcement and supplies for the All Felons DNA Database.
- \$150,000 to the Iowa State Patrol for overtime expenses.

Real Estate

The Bill requires approval from the General Assembly and the Governor prior to disposal of certain property that has a fair market value of \$5.0 million or more.

More Information

The NOBA (Notes on Bills and Amendments) for SF 403 is available on the LSA web site at: <http://www3.legis.state.ia.us/noba/>.

STAFF CONTACT: Beth Lenstra (Ext. 16301) Jennifer Acton (Ext. 17846)

**HOUSE WAYS AND MEANS PASSES ELECTRICIANS
LICENSURE BILL – HF 795**

Electricians Licensure Bill



The House Ways and Means Committee passed HF 795 (Electricians Licensure Bill) on April 4. The Bill provides for a statewide system of licensure for electricians, provisions regarding electrical inspections, and specifies related licensing and inspection fees. The new statewide licensure system supplements current licensure of electricians on a city-by-city basis, permitting electricians to practice on a statewide, as well as a local, basis.

Effective Dates

The provisions in the Bill establishing the examining board take effect upon enactment. The provisions in the Bill dealing with licensure take effect on January 1, 2008. The provisions in the Bill dealing with inspections take effect on January 1, 2009.

Fiscal Impact

If the Board maintains the current maximum fee structure established in HF 795, by Calendar Year 2012, the Electrician and Installer Licensing and Inspection Fund is estimated to have a balance of approximately \$23.0 million. Expenditures from the Fund are approved by the sole authority of the Board, in consultation with the Fire Marshal's Office.

More Information

The Fiscal Note for HF 795 is available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

HOUSE LABOR COMMITTEE PASSES COMBAT FIGHTING REGULATIONS BILL – SF 385**Combat Bill**

The House Labor Committee amended and passed SF 385 (Combat Fighting Regulations Bill) on April 5. The Bill, as passed by the Senate, removes unarmed combat fighting from the regulatory authority of the Labor Commissioner. The Bill, as amended and passed by the House Labor Committee, creates Chapter 90B, Code of Iowa, and regulates unarmed combat fighting, and imposes fees and penalties.

The Bill deposits the revenue generated by the legislation into the General Fund. A General Fund standing appropriation is made to the Labor Commissioner to be used for expenses related to the regulation of unarmed combat fighting.

Current Law Changes

The Bill removes combat fighting from the boxing regulations found in Chapter 90A, Code of Iowa. The revenue generated by that Chapter is used to provide for expenses of the regulation imposed by the Chapter, and any revenue in excess of the amount needed to provide for the regulation is used to provide grants to organizations that promote amateur boxing matches in Iowa.

Boxing Grants

The removal of the combat fighting revenue from Chapter 90A, Code of Iowa, reduces or eliminates the revenue available for grants to organizations that promote amateur boxing matches in Iowa.

Fiscal Impact

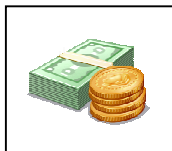
Senate File 385, as Amended and Passed by the House Labor Committee, will have the estimated fiscal impact on the General Fund as shown in the table below.

	FY 2008	FY 2009
Revenue	\$ 144,000	\$ 165,000
Expenses	123,000	106,000
Net General Fund Impact	\$ 21,000	\$ 59,000

More Information

The Fiscal Note for SF 385 will be available on the LSA web site at: <http://www3.legis.state.ia.us/fiscalnotes/>.

STAFF CONTACT: Ron Robinson (Ext. 16256)

JUDICIAL BRANCH OUTSTANDING COURT DEBT**Outstanding Debt**

The Judicial Branch reported \$412.5 million in outstanding court debt as of June 30, 2006. In FY 2006, the amount of court debt collected was \$120.9 million, while the amount of outstanding court debt increased by a total of \$41.2 million. The average outstanding court debt collected per month in FY 2006 was \$10.1 million and the average outstanding court debt increase per month was \$13.5 million.

February 2007

As of February 28, 2007, the Judicial Branch reported \$442.3 million in outstanding court debt compared to \$440.3 million reported in January 2007. The amount of increased court debt for February 2007 was \$13.5 million, while the amount of court debt collected for the month of February was \$11.5

million. When comparing February 2007 to February 2006, outstanding court debt increased \$43.5 million.

FY 2007

For the first eight months of FY 2007, the amount of court debt collected was \$85.6 million, while the amount of outstanding court debt increased by a total of \$29.8 million.

More Information

Additional information is available from the LSA upon request.

STAFF CONTACT: Jennifer Acton (Ext. 17846)

This document can be found on the LSA web site:
<http://www.legis.state.ia.us/Fiscal/fiscupdt/>